

Congressman Childers Announces Recovery Act's Homebuyer Tax Credit to Immediately Help First-Time Homebuyers in North Mississippi

June 2, 2009

Washington, DC - Today, Congressman Travis Childers (D-MS) announced that the Federal Housing Administration (FHA) will now allow homebuyers to apply the American Recovery and Reinvestment Act's \$8,000 first-time homebuyer tax credit toward the purchase costs of a FHA-insured home. This will help stabilize North Mississippi's and the nation's housing market by stimulating home sales across the country.

"This new program will help provide immediate relief for hard working North Mississippians looking to buy their first homes, and will also contribute significantly to the recovery of our nation's housing market. Additionally, the program will help protect homebuyers from abusive lenders, allowing them to shop for the best home price and services using their anticipated tax credit," said Congressman Childers. "The ability of first-time homebuyers to apply the Recovery Act tax credit towards the purchase of a home right away is another example of the legislation's immediate investment in our economy."

The Recovery Act offers homebuyers a tax credit of up to \$8,000 for purchasing their first home. Families can only access this credit after filing their tax returns with the IRS. The FHA's new program includes rules allowing state Housing Finance Agencies and certain non-profits to "monetize" up to the full amount of the tax credit (depending on the amount of the mortgage) so that borrowers can immediately apply the funds toward their down payments. Homebuyers using FHA-approved lenders can apply the tax credit to their down payment in excess of 3.5 percent of appraised value or their closing costs, which can help achieve a lower interest rate. To read the FHA's new mortgagee letter, visit [HUD's website](#).

Currently, borrowers applying for an FHA-insured mortgage are required to make a minimum 3.5 percent down payment on the purchase of their home. Current law does not permit approved lenders to monetize the tax credit to meet the required 3.5 percent minimum down payment, but, under the new terms, lenders can now monetize the tax credit for use as additional down payment, or for other closing costs, which can help achieve a lower interest rate. Buyers financing through state Housing Finance Agencies (HFA) and certain non-profits

will be able to use the tax credit for their down payments via secondary financing provided by the HFA or non-profit. In addition to the borrower's own cash investment, FHA allows parents, employers and other governmental entities to contribute towards the down payment.

According to estimates by the National Association of Home Builders, the Administration's homebuyer tax credit will stimulate 160,000 home sales across the nation - 101,000 of which will be first-time buyers who will receive the credit. Another 59,000 existing homeowners will be able to buy another home because a first-time buyer purchased their home.

For more information on the First District's and Mississippi's share of Recovery Act funds, visit Congressman Childers' online Recovery Tracker at <http://www.childers.house.gov/>.

A pro-gun, pro-life Mississippian, Congressman Travis Childers (D-MS) represents the First Congressional District in North Mississippi. He is a member of the fiscally conservative Blue Dog Coalition and serves on the House Agriculture and Financial Services Committee. Congressman Childers co-chairs the reestablished bipartisan Congressional Rural Caucus and was appointed to the bipartisan Second Amendment Task Force. For more information, visit <http://www.childers.house.gov/>

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